

State & Metro

Highlights

By Mark Knold

Consider a scene out of the old west. You are a cowboy riding your horse for a year across a mesa (yes this timeframe is excessive, but bear with me). You come to the edge and make a descent to the valley floor below. You then continue your ride. In reference to where you had been for the past year, you are now traveling at a much lower elevation.¹ But if you ride long enough (into another year), your year-ago reference point will shift from the mesa top to the valley floor.

Now, you no longer picture that you have descended from the mesa, and you may even perceive that your level is improving. After all, your perspective has improved compared to what it was the previous year. But in reality, you really aren't gaining—all you have done is ride far enough to flatten out your perspective.

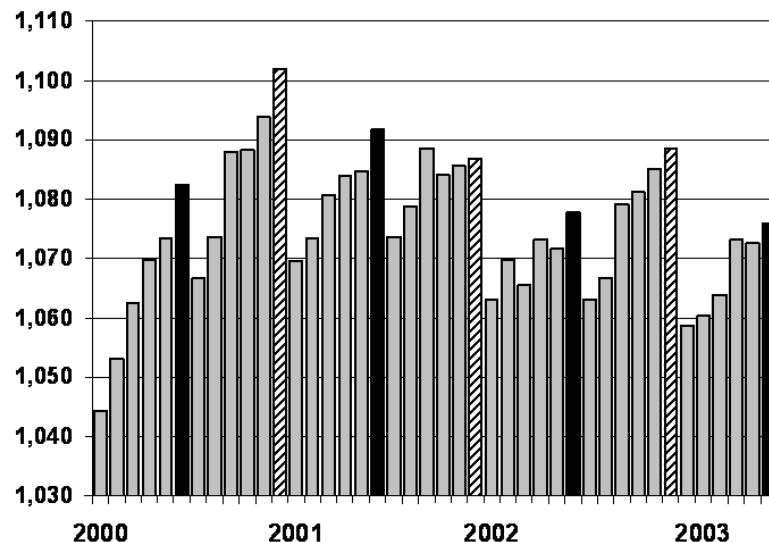
Utah's economy paints a similar picture. Throughout the past year, the year-over change in employment has been negative, as we dropped from a mesa top to a

valley floor. But as the year progressed, those negative rates "improved" as they climbed closer and closer toward a zero-percent threshold. Did this mean the economy was improving? Not in the sense that the economy was moving toward a point where it was adding new jobs (or working itself back toward the mesa top). It was only an improvement from the viewpoint that the economy was no longer losing jobs, just holding

steady. The cowboy had ridden across the flat plain far enough for his comparative perspective to change from the mesa top to the valley floor.

When do we begin to ride back to a mesa top? Many pundits say that climb will start later this year, but those same pundits have been saying that for the past year. They simply keep moving their prognoses forward every

Monthly Nonfarm Employment



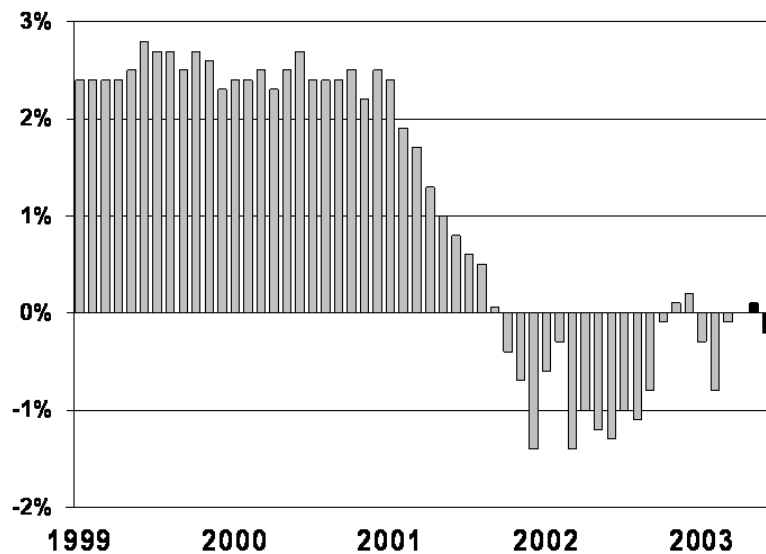
Source: Utah Department of Workforce Services

six months. I don't see it this year, and next year may even be pushing it. Try 2005.

¹ Assume you are only capable of making a comparison against where you were a year ago. So where you are this May is compared against where you were last May. As you ride into June, you compare yourself against where you were last June.

For more information about Utah's economy, check out:
<http://jobs.utah.gov/wi>

Percent Change in Utah Employment



Source: Utah Department of Workforce Services

What's Up?

- ✓ New estimates of year-end state revenue collections showing an anticipated shortfall of \$30 million did not materialize, due largely to increases in corporate franchise taxes and taxes levied on oil and gas, the so-called severance tax. *Deseret News 7/16/03*
- ✓ New estimates released by the U.S. Census Bureau show cities such as Salt Lake City, Provo and Orem are either losing population or gaining incrementally between the 2000 census and July 2002. Meanwhile, suburbs -- particularly the outer suburbs -- continue to boom. *Salt Lake Tribune 7/10/03*
- ✓ Once known for its soaring home values, Utah is now dead last on a list ranking states by how much housing prices have increased over the past five years. *Salt Lake Tribune 7/17/03*